

December 14, 2007

Honorable Kent Conrad
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Based on a preliminary review of H.R. 6, the Energy Independence and Security Act of 2007, as passed by the Senate on December 13, 2007, CBO estimates that enacting this legislation would increase direct spending by \$582 million over the 2008-2012 period and reduce it by \$85 million over the 2008-2017 period. In addition, CBO and the Joint Committee on Taxation (JCT) estimate that the legislation would increase revenues by \$976 million over the 2008-2012 period and reduce them by \$33 million over the 2008-2017 period.

In total, CBO and JCT estimate that enacting H.R. 6 would reduce future deficits (or increase future surpluses) by \$394 million over the 2008-2012 period and \$52 million over the 2008-2017 period (see enclosed table). CBO has not completed an estimate of the legislation's impact on discretionary spending.

CBO has determined that the nontax provisions of the legislation contain several intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). We estimate that the aggregate costs of those mandates would not exceed the annual threshold established in UMRA for intergovernmental mandates (\$66 million in 2007, adjusted annually for inflation). The nontax provisions also contain several private-sector mandates. CBO estimates that their aggregate costs would well exceed the annual threshold established in UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

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If you wish further details on this estimate, we would be pleased to provide them. The CBO staff contacts are Megan Carroll and Kathleen Gramp.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter R. Orszag".

Peter R. Orszag
Director

Enclosure

cc: Honorable Judd Gregg
Ranking Member

Honorable John M. Spratt Jr.
Chairman
House Committee on the Budget

Honorable Paul Ryan
Ranking Member

CBO ESTIMATE OF DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 6, THE ENERGY INDEPENDENCE AND SECURITY ACT OF 2007, AS PASSED BY THE SENATE ON DECEMBER 13, 2007

	By Fiscal Year, in Millions of Dollars										2008-	2008-
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2012	2017
CHANGES IN DIRECT SPENDING												
Title II - Energy Security Through Increased Production of Biofuels												
Renewable Fuels Requirement and Agricultural Support Programs												
Estimated Budget Authority	0	-9	-18	-20	-22	-49	-127	-199	-332	-392	-69	-1,168
Estimated Outlays	0	-9	-18	-20	-22	-49	-127	-199	-332	-392	-69	-1,168
Increased Funding for Highway Programs												
Estimated Budget Authority	3	21	18	0	0	0	0	0	0	0	42	42
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Title IV - Energy Savings in Buildings and Industry												
Estimated Budget Authority	33	37	133	141	152	55	-48	-49	-51	30	496	433
Estimated Outlays	33	37	133	141	152	55	-48	-49	-51	30	496	433
Title V - Energy Savings in Government and Public Institutions												
Estimated Budget Authority	30	32	33	33	34	35	36	37	38	400	162	708
Estimated Outlays	31	46	36	8	34	35	35	37	38	350	155	650
Total Changes												
Estimated Budget Authority	66	81	166	154	164	41	-139	-211	-345	38	631	15
Estimated Outlays	64	74	151	129	164	41	-140	-211	-345	-12	582	-85
CHANGES IN REVENUES												
Title I - Energy Security Through Improved Vehicle Fuel Economy												
Estimated Revenues	0	0	0	-16	-52	-122	-226	-366	-550	-782	-68	-2,114
Title II - Energy Security Through Increased Production of Biofuels												
Estimated Revenues	-27	-148	-355	-44	107	143	179	214	228	235	-467	532
Title XV- Revenue Provisions												
Estimated Revenues	1,043	412	13	19	24	22	12	3	1	1	1,511	1,549
Total Changes in Revenues	1,016	264	-342	-41	79	43	-35	-149	-321	-546	976	-33
TOTAL CHANGES												
Change in the Deficit or Surplus ^a	-952	-190	493	170	85	-2	-105	-62	-24	534	-394	-52

Sources: Congressional Budget Office and Joint Committee on Taxation.

Note: Components may not sum to totals because of rounding.

a. Negative numbers indicate a reduction in the deficit (or an increase in the surplus); positive numbers indicate the opposite.